A sleeping giant?

German trade unions in the European crisis
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NordMod 2030. Sub-paper 2
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Preface

The Nordic countries share a number of distinguishing features. With their small economies, well-developed welfare states and organized labour markets, they have given rise to the concept of “the Nordic model”. This social model or models have occasionally been met with criticism: It has been claimed that they are characterized by over-inflated public sectors and excessive tax levels, as well as rigid labour markets caused by strong trade unions, comprehensive collective bargaining and regulations. In recent years the models have attracted positive global attention, since the Nordic countries have demonstrated good results in terms of growth, employment, gender equality, competitiveness, living conditions and egalitarianism when compared to other countries. This ability to combine efficiency and equality has spurred debate in politics as well as in social research.

The Nordic models are facing a host of new challenges, and cannot afford to rest on their laurels. The fallout from the financial crisis has entailed a stress test of Nordic institutions and traditional policy measures. External change in the form of increased global competition, climate problems, migration and European integration, interacting with internal change associated with an increasing, ageing and more diverse population, urbanization and rising expectations with regard to health services, education and welfare in general, will be a test of these models’ resilience. A core issue is whether the social actors will be able to encounter these challenges by renewing the institutions and policies without jeopardizing goals for a fair distribution, balanced growth, full employment and the political support for the models.

NordMod – Erosion or renewal in the Nordic countries 2014–2030?

NordMod2030 is a joint Nordic research project studying the impact that international and national development trends may have on the Nordic social models. The purpose of the project is to identify and discuss the risks and challenges that these countries will need to cope with in the years up to 2030. The project’s goal is thus to produce knowledge that can serve as a basis for designing strategies for reinforcing and renewing the Nordic social models.

The main report from the project will be submitted in November 2014. Until then, a number of sub-reports will be published and open seminars will be arranged in all the Nordic countries. The sub-reports will present specific analyses of selected topics, while the main report will incorporate all the findings and draw the main conclusions. All activities will be posted on the project’s website: www.nordmod2030.org.

- The first sub-reports describe the fundamental pillars of the Nordic models, challenges associated with future demographic change, changes in tax policies and how globalization affects the frameworks of the models. The goal is to analyse external and internal forces of change in the models.
- Country studies are undertaken in each of the five countries to describe development trends from 1990 to 2013. These country reports present analyses of changes in financial, social and political indicators associated with key objectives, institutions, policies and social outcomes in the national context. The country reports also provide input to the analysis of challenges facing the models in each of the countries.
Finally, a series of thematic reports will be prepared on the basis of Nordic comparisons in the areas of integration, welfare state policies, the future of the collective bargaining model, climate challenges and democracy/participation. The discussion of issues related to gender equality will be integrated into all the reports.

Nordic research group
The research project will be undertaken by a Nordic research group consisting of two representatives from each country and is headed by Fafo. The paired researchers from the different countries will be responsible for the country studies, and will provide input to the design of the other country reports. Several researchers will also contribute to the other sub-reports.

Denmark: Lisbeth Pedersen (Research Director, SFI – The Danish National Centre for Social Research), Søren Kaj Andersen (Head of Centre, FAOS, Copenhagen University) and Christian Lyhne Ibsen (researcher, PhD, FAOS).

Finland: Olli Kangas (Professor, Director, Kela – The Social Insurance Institution of Finland) and Antti Saloniemi (Professor, University of Tampere).

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Norway: Jon M. Hippe (Managing Director, Fafo), Tone Fløtten (Managing Director, Fafo Institute for Labour and Social Research), Jon Erik Dølvik (Senior Researcher, Fafo), Bård Jordfald (Researcher, Fafo).

Sweden: Ingrid Esser (Assistant Professor, SOFI, Stockholm University) and Thomas Berglund (Associate Professor, University of Gothenburg).

In addition to this core group, other researchers will also contribute to some of the subreports: Richard B. Freeman (NBER, Harvard), Juhana Vartiainen (VATT), Jan Fagerberg (UiO), Line Eldring (Fafo), Anne Britt Djuve (Fafo), Anne Skevik Grødem (Fafo), Anna Hagen Tønder (Fafo), Johan Christensen (EU European University Institute (EUI), Florence), and others.

Project organization
The project has been commissioned by SAMAK – the cooperation forum for the Nordic trade union organizations and the Nordic social democratic parties. For the duration of the project period, SAMAK has also entered into a cooperation agreement with FEPS (Foundation for European Progressive Studies) concerning contributory funding. The commissioning agent (SAMAK) has appointed a reference group consisting of two resource persons from each of the Nordic countries. Although the reference group may provide input, the authors are solely responsible for the project reports. This means that SAMAK as an institution or the members of the reference group have no responsibility for the content of individual reports.

Oslo, April 2013
Jon M. Hippe
Project Director
Introduction

Looked at from abroad and from Latin countries in particular, the German trade unions convey a picture of strength. This impression is primarily based on the trade unions’ role within the German institutional system, which appears to give them political influence far in excess of their organisational power. But how does this picture of strength fit with the overall wage developments in Germany since the introduction of the Euro which have been criticised for their negative impacts on the economic stability of the Eurozone? In fact, the largest economy of the monetary union was virtually freezing its own domestic market by falling average wages, thereby depriving its “partner countries” of export opportunities, and at the same time used its surpluses to finance unsustainable growth models in other countries driven by credit bubbles — this is what drove the currency union to the edge of collapse. Critical observers of these imbalances sometimes blame German unions for being too moderate or collaborative, thus contributing, for the sake of the German export industry, to an economic development which is unsustainable for the future of the Eurozone as a whole (Flassbeck/Lapavitsas 2013). Other countries, so goes the story, are now being forced onto the same road of wage depression — a disastrous policy approach for which German unions are said to be co-responsible. In a nutshell, the policy approach of German trade unions towards European integration in general, and the Eurozone in particular, appears to many observers as being driven more by a national export corporatism than by anything else.

So, what is to this story? Unsurprisingly, things are more complex. In what follows I will give an overview on the role of German unions, first, in the decade before the economic and financial crisis and, second, since the beginning of the ongoing crisis. The article will be concluded by an assessment of the most recent changes, and challenges, faced by the unions on the German labour market.
1 German unions as pre-crisis losers

German trade unions’ organisational and structural power resources are concentrated in the large firms in the export-oriented sector of manufacturing industry but extend deep into the so-called *Mittelstand*, although their organisational strength here varies considerably. While trade unions are significantly weaker in the private service sector, there are vast differences between a comparatively high union density in manufacturing and low densities in some, if not all, service industries. It is striking that, on average, the organisational gap between the private and public sectors that is typical of the trade unions in various other European countries does not exist in Germany. In the decade before the crisis, overall union density in Germany fell by around ten percentage points, a greater decline than in virtually all other Western European countries. Today, with its 18% it is actually on the low side. Only in recent years have the unions managed to slow down or halt the decline in membership. Against this background, the strength of the German trade unions cannot be understood without knowledge of their place in the structure of Germany’s labour market institutions (on what follows cf. Lehndorff 2012).

The two most important institutional pillars of trade union influence are sector-level collective agreements and works councils’ rights of codetermination. Since the 1990s, however, and despite the fundamental importance of area-wide collective agreements, the rate of coverage by collective agreements has been in continuous decline. Works councils, on the other hand, have proved to be a relatively stable institution, even though their capacity for action in representing employees’ interests has become more precarious as a result of locational competition, pressure from outsourcing and international competition. However, in the German two-pillar system of interest representation, they are not a trade union institution! For the trade unions, they are a power resource only to the extent that they manage to coordinate or link together the activities of works councils with trade union policy. The assessment of Dörre (2008) that “trade unions’ organisational power [is] no longer sufficient to take advantage of the opportunities the institutional system offers for representing employee interests” is a realistic one. But precisely because of the potential German labour market institutions still offer the trade unions, these institutions remain at the heart of trade union efforts to revitalise
themselves. Whether it be around equal pay for agency workers or employee consultation on proposed derogations from collective agreements, mobilisation and membership campaigns hardly ever take place independently of existing interest representation institutions but rather in association with them (Haipeter et al. 2011). In the past 20 years, however, the institutional structure beyond the works councils has become ever more fragmentary and weak.

The erosion and dismantling of the labour market institutions that were available to trade unions for the promotion of social equality can be seen particularly clearly in wages policy. One of the unwritten rules of the classic German model was that the level of the periodic wage increases across sectors was almost always aligned with those that could be achieved in manufacturing industry – usually the metal and engineering sector. Trade unions in the manufacturing sector, in turn, took as the basis for their ‘wage formula’ (rate of price inflation plus productivity increase plus a long since abandoned redistribution component) not the productivity gain in the manufacturing sector but rather that recorded for the economy as a whole, in order to avoid increasing wage differentials. Thus the industrial unions were implicitly assuming that wage increases in excess of the sectoral productivity gain could be achieved in other sectors of the economy, with the public sector obviously being of greatest significance in this regard. In order for this to work, additional redistribution mechanisms from sectors with high productivity gains to those with lower gains had to operate. The whole architecture of the German version of pattern bargaining was based on the functioning of a multiplicity of such redistribution processes. The tax system was of particular importance here as it provided sufficient financial leeway for the inclusion of public services in this pattern bargaining. However, it is precisely this architecture within the wider framework of the social security system and the labour market regulation that was weakened and partly dismantled step by step from the 1990s onwards (for an overview on what follows cf. Bosch 2014).

The starting point of this process were the declining trade union density and collective bargaining coverage (cf. Figures 1 and 2), as these trends gave rise to a fundamental shift in power relations in the labour market and beyond. Thus, the weakening of collective
bargaining was followed, most radically at the beginning of the 2000s, by numerous “reforms” which shook up the whole architecture of the German social model. Important aspects were

- a growing number of local derogations from area-wide collective agreements under pressure from outsourcing and relocations,
- the widespread abandonment of the practice of declaring collective agreements generally binding,
- the privatisation of public services,
- considerable reductions in tax receipts as a result of reductions in the tax burden on higher incomes and investment income,
- the deregulation of agency work,
- the promotion of mini-jobs,
- the weakening of unemployment insurance (“Hartz Reforms”) including a lowering of the ‘reasonableness’ threshold for jobseekers which triggered a massive downward pressure on wages,
- and the encouragement for employers to pay very low wages by granting low wage earners an add-on social benefit payment (comparable to in-work benefits).
Many of the institutions that once provided a level of social equality and redistribution that was impressive by capitalist standards were seriously damaged and in some cases
destroyed. As a result, Germany was the only EU member state where average wages fell rather than increased during the period of economic growth between 2004 and 2008; in 2010 it was the country with the largest low-wage sector in the Eurozone (Eurostat 2012). Trade union wages policy, which had to contend with the head wind created by a fierce policy and media campaign focused on labour costs allegedly being too high to cope with global competition, the so-called Standortdebatte, undoubtedly played a part.

Two reservations, however, have to be made here (for what follows cf. Bispinck 2013). First, from 2000 to 2012 collectively agreed nominal wages rose by more than 36% in the metal and chemical manufacturing industries, whereas the retail trade and the public sector lagged behind with 24% and 27%, respectively. The latter exceeded only slightly the overall inflation rate of 22% in the same period of time, that is, even collectively agreed pay almost stagnated in real terms in the two largest service sectors under the pressure of upheavals such as the abandonment of generalisations of collective agreements (in the case of retail) and, in the case of public services, cuts in government spending in consequence of tax reductions for companies, capital gains and high incomes in combination with the impact of privatisations. In contrast, wage increase was strongest in those sectors which are most exposed to international competition (Figure 1). What happened was the breakup of German-style pattern bargaining which had been a core element of German industrial relations since the 1950s.
What came on top of this was the widening gap between collectively agreed and average actual wages. In fact, this second element proved to be even more important than the first one. While the increase in average real collectively agreed wages per employee between 2000 and 2012 was 5.5 percentage points less than that in labour productivity, average actual wages per employee fell short of the so-called “distribution-neutral” wage increase by an additional 9.3 percentage points (Figure 2). This indicates that the lion’s share of the negative wage trajectory is attributable to the drop in bargaining coverage and the dismantling of labour market institutions. The implicit institutional conditions required for the trade union ‘wage formula’ to function have been largely swept away, while new institutional ‘safety nets’ appropriate to the times, such as a statutory minimum wage and reform of the mechanism for declaring collective agreements generally binding, were not in place yet (for most recent trends and institutional reforms cf. below).
One of the key sources of trade union influence also came close to being axed. In a 2003 speech to the Bundestag outlining the government’s agenda, federal chancellor Gerhard Schröder implicitly threatened to abolish the priority accorded in law to sectoral collective agreements over company agreements if the former are more favourable for the workers than the latter. The destruction of this centrepiece of the German collective bargaining system was avoided only by the so-called Pforzheim Compromise 2003 negotiated between IG Metall and the employers’ association (Haipeter 2009, 120). This part of the institutional framework at least was saved from demolition and in the years that followed was even used for important revitalisation initiatives. However, this did nothing to alter the fact that in the decade and a half before the crisis the trade unions were robbed of a significant share of their institutional power resources.

In terms of EU policy, this shift in power had one noteworthy consequence. Before the establishment of the Eurozone, which was welcomed in principle by the trade unions as a step towards greater European integration, the fear was nevertheless expressed by some union-friendly observers that within the currency union jobs in one country could be put at risk by wage dumping in other countries, since wages policy would become the only remaining macroeconomic adjustment mechanism that could be used to influence

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**Figure 4: Productivity, real wages as agreed in collective bargaining, and real actual wages per employee (2000-2012)**

Source: Bispinck 2013
price competitiveness (Altvater/Mahnkopf 1993). This fear turned out to be absolutely well founded, but in a completely different sense to that originally envisaged, since the social dumping actually originated in *Germany* by weakening or even dismantling important trade union power resources which had been key pillars of the ‘German model’ in earlier decades (cf. Lehndorff et al. 2009). The so-called periphery countries, starting from a lower level of social protection, are now being forced to go down the route taken by Germany and in doing so to adopt considerably more stringent measures of labour market deregulation.

Thus the defeats suffered by the German trade unions up until the middle of the first decade of the 21st century and the considerable weakening of their institutional influence have become a problem for trade unions in the other Eurozone countries. While the “reforms” which have caused substantial damages on the German labour market are being hailed as a role model for other countries in the Eurozone, there are signs (if modest, for the time being) that the tide may be turning within Germany.

## 2 Entering a turn of the tide?

Up until the mid-2000s the trade unions were the great pre-crisis losers. It is true that from the mid-2000s both IG Metall and ver.di had launched important initiatives geared to stop the decline in trade union membership, activate their membership base and revitalise trade union activity at the establishment level. What proved to be particularly important were IG Metall offensives at firm level (under slogans such as “Producing better, not cheaper!”) aiming at regaining control over local deviations from sector level collective agreements (cf. Haipeter et al. 2011). Similarly, intensive trade union campaigning for a statutory minimum wage and equal pay for agency labour started to turn public opinion vis-à-vis the need to curb the increasing income inequality. But it was not before the outbreak of the worldwide financial crisis that the trade unions were accepted again as a major actor by the federal government. Virtually over night in the late summer of 2008 the coalition of Chancellor Angela Merkel and the Social Democrats turned towards the development of economic stimulus programmes that until a few weeks previously had been rejected by the same government as ‘wasting money on untargeted
measures’. The 2009 federal elections were imminent and, in view of the billions expended on saving the banks and providing them with guarantees, any delay in saving the ‘real’ economy would have been a political disaster for both of the major governing parties. Based on active cooperation from both the employers’ associations and the trade unions which were regarded again as a major stabilising factor, a ‘crisis corporatism’ (Urban 2012) emerged which led to a renewal of the social partnership on all levels – from the close ties between individual union leaders and Angela Merkel to the thousands of emergency coalitions established at company level (on what follows cf., with differences of emphasis, Dribbusch 2012; Haipeter 2012; Urban 2012). The trade unions contributed not only their power of legitimation and organisational and planning capabilities but also their own ideas and initiatives, with this latter function arguably being fulfilled much more effectively than by trade unions in other European countries that were involved in comparable top-level consultations.

The role played by the works councils in this new social partnership have received less attention so far. However, they were the coordinating point on the employees’ side for efforts to prioritise companies’ internal flexibility (primarily based on working-time measures) as well as to push for various other local deals that allowed for the survival of firms and the safeguarding of jobs (Lehndorff 2011). In some cases the way to such partnership agreements could only be paved by union activism and readiness for conflict (Schwarz-Kocher 2013). The close cooperation between works councils and local trade union organisations proved to be crucial. This multi-level and multi-faceted approach is perhaps the most important reason why the trade unions played such a significant part in the so-called ‘German employment miracle’ of 2008/2009. Tripartite consultations were held in many countries, but it was the active, both compromise and conflict based crisis management at firm level initiated by works councils and trade unions that tipped the balance.

To put it bluntly, the fact that the labour market and the economy were stabilised during the crisis, thereby creating the conditions for economic recovery from 2010 onwards and the ensuing increase in employment levels, was due to a reactivation of precisely those elements of the German model that had survived the neo-liberal inspired destructive zeal of the years before the crisis.
This irony of history also points at the contradictory nature of the revitalised social partnership — which, in fact, tended to be a revival of the classic ‘conflict partnership’ (Müller-Jentsch 1991) of the West-German ‘Trente Glorieuses’. Many employers had to learn to take the works council and the local trade union seriously again as equal negotiating partners. What is more, during the crisis there was a significant service sector labour dispute, namely the week-long strike by nursery nurses. This strike symbolised very much the activation of trade unions in sectors, and amongst groups of employees, which had not been at the centre of trade union activism so far.

Regardless of all their shortcomings, both crisis corporatism and firm-level crisis management, as well the greater willingness to initiate disputes in parts of the service sector, contributed to the strengthening of the unions’ political weight. The confrontational policies and rhetoric directed towards the trade unions in the first decade of the 21st century have stopped for the time being. Since 2010 the unions have received much more tailwind in the public for a more active wages policy. Their demands, such as that for a statutory minimum wage and the re-regulation of agency work, were sympathetically received in many quarters, such that IG Metall ventured to make equal pay for agency workers one of the main planks of its agenda in the 2012 bargaining round. As a consequence, from 2010 average real wages have increased slightly for the first time in more than ten years (Bispinck 2013; cf. also Figure 2).

What is more, unions’ campaigning for the introduction of a statutory minimum wage and for equal pay of temp agency workers has influenced the policy agenda. To some extent these issues have been taken on board by the new coalition government. The single most important reform is the forthcoming introduction of a statutory minimum wage at €8.50. While the exemptions from this norm are a very controversial issue and the procedure leading to necessary future increases is far from obvious, the establishment of this new institution as such must be regarded as a crucial stepping stone towards a “new order in the labour market” (Bosch 2012). Further steps are announced to include the re-activation of the extension of sector-level collective agreements by the federal government. This issue is also part of the coalition agreement but its implementation will be equally contentious because any reinforcement of the extension procedure
must reduce the veto power of the umbrella organisation of the employers association. In the same vein, the coalition has announced that the possibility of the collective bargaining parties to agree on sector-specific minimum wages (above the statutory threshold) within the framework of the posted workers act will be extended to all sectors.\(^1\)

Both the union’s success of putting such issues on the policy agenda and the experience of some important elements of these reforms being watered down right at the beginning of the policy process support the view that trade unions’ capability to act as an autonomous political force, irrespective of the political colour of the government, is crucial for the eventual outcomes of their initiatives. Pressure must be upheld if the new order on the labour market is to be established step by step. This role goes considerably beyond that of consultation partners that they were accorded during the period of crisis corporatism.

The need for trade unions to strengthen their capacity to act as an autonomous ‘political force’, independent of the CDU/SPD government agenda, becomes even more obvious if we visualise the problems that can be expected to arise in the course of the implementation of the self-imposed “debt brake” with its restrictive impacts in particular at regional and municipal levels, and its reinforcement by the “fiscal pact” recently enshrined in the German constitution. The “Agenda 2010” of 2003 made the conflict around pri-

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\(^1\) The new labour market reforms are still work-in-progress. The controversial debates on the minimum wage focus on the exemptions. For example, the bill of the Ministry of Labour submitted to the Bundestag stipulates the exemption of long-term unemployed for the first six months, which may open the doors to continuously rotating fixed-term contracts. More exemptions are possible and both the unions and the employers associations have announced to try and influence the parliamentary decision making process. As to temp agency labour, the coalition agreement envisages equal pay after nine months. Further, the abuse of contract labour is to be curbed more effectively. Particularly crucial will be the details on the re-activation of declaring collective agreements generally binding. Due to the continuous drop in bargaining coverage, many sectors do no more provide the minimum threshold of 50% coverage which is a necessary, if not sufficient, condition of generalisation by the Ministry of Labour. By way of example, collective agreements in large service industries such as the retail trade have not been declared generally binding since the early 2000s after the employers associations’ statement that bargaining coverage had dropped below the 50% threshold. What is more, the umbrella organisation of employers can declare its veto against any extension. According to the coalition agreement these barriers are to be overcome by the declaration of a „particular public interest“ in the extension of an individual sector agreement by the Ministry. The legal (let alone practical) outcomes of all these announcements in the coalition agreement remain to be seen. Nevertheless, the floor has been opened for a re-regulation of the German labour market.
mary income distribution more political and the “fiscal pact” is now increasingly confronting the trade unions with the challenge to influence the political struggles around secondary distribution. Public investment in Germany has been at one of the lowest levels in the EU for many years (according to Eurostat data gross public investment was at 1.4% of GDP in 2012), and net public investment has been negative since 2003 (Priehec/Rietzler 2010). What is more, as revealed by the OECD social expenditure data base, public investment into “human resources” is equally poor in Germany. By way of example, public expenditure for education and child care amounted to 5.2% of GDP in 2007, compared to 4.6% in Greece, 7.3% in France and 9.6% in Denmark (OECD 2011).

An aggressive redistribution policy would put the spotlight on the federal government’s revenue and expenditure policy, the starting point for such a policy being the fact that employees in manufacturing industry are also users of the public services and infrastructure that will go to the dogs as a result of austerity. The struggle for high-quality public services would then be a matter for all sections of the trade union movement. In fighting against the effects of the austerity, the trade unions can expect little support from the mainstream political parties, which not only adopted the “debt brake” and the “fiscal pact” for Germany but also ensured that it was foisted upon the other countries.

3 Lessons and prospects

In today’s Europe, trade unions are facing the challenge of ‘building bridges’ both within their own country and across borders. Over recent years, the mutual dependency of unions has popped to the surface. The big losers in the first half of the 2000s were the German trade unions. The weakening of the German collective bargaining system and the defeat in the struggles around the Agenda 2010 were at the heart of the growing economic imbalances within the Eurozone which surfaced dramatically during the Eurozone crisis and are likely to remain so during the prolonged period of fragile and uneven recovery that now seems underway (cf. Dølvik/Martin 2014 and Lehndorff 2014). In the wake of the euro-crisis, the economic and social catastrophe is being exploited to dismantle trade unions’ sources of institutional influence in other countries, especially
those most severely hit by the self-inflicted “debt crisis” in the euro-zone. In Spain and Greece in particular this is taking place with a degree of radicalism that goes far beyond what happened with the German model prior to the crisis. The EU/EMU crisis management policies that have merely exacerbated the situation have made the disempowerment of one union into a problem for the others.

The so-called “employment miracle” in Germany since 2008 is used to sell the “labour market reforms” of 2003 ff. as a success model to other countries (for an overview on the effects of the “Hartz reforms” on the German labour market cf. Knuth 2014). It is true that, by European standards, the German labour market has proved to be surprisingly stable in 2008/2009 and the number of people in employment continued to be on the rise in the following years while unemployment in some other EU countries reached catastrophic dimensions. However, there is an ironic twist behind this success story. Labour market stability during the economic downturn was attributable to the reactivation of internal flexibility and other elements of the traditional German model which had survived the “Agenda 2010”. What is more, economic growth since 2009, with its implications for employment, was more driven by a certain revitalisation of the domestic market demand than by the notorious current account surplus—a novelty for Germany in the 2000s (IMK/OFCE/WIFO 2013). This shift in emphasis was primarily driven by stronger trade union influence on wage development, facilitated by a greater public tailwind for trade union collective bargaining and policy approaches in recent years. To put it bluntly, what is actually successful in German labour market trends over recent years is not attributable to the “Agenda 2010” but to the first and modest steps geared to curtail the damages caused by these “reforms” in the German labour market.

Given this background, the challenges faced by German unions in the years to come include the deepening of the beginning process of re-regulation of the labour market and of the revitalisation of their own bargaining and autonomous policy capacities in a situation where it is fair to assume that the boomerang hurled by the German government at the crisis countries in the Eurozone may sooner or later drop back on the feet of German workers.
This challenge entails the need of greater political autonomy both at the national level and as agenda-setter for a new course of European integration. Trade unions in Germany, but not only in Germany, will have to find ways to coordinate their activities with other unions at the European level for joint initiatives such as a “Marshall Plan for Europe”, as suggested by the DGB. At the same time, the growing awareness of the importance of a major redistribution initiative and a re-regulation of the labour market in Germany could serve as basis for crucial initiatives to demand change in the political course at European level. In fact, any progress in Germany would give all the other countries more room to breathe. This holds in economic as well as in institutional terms. Continuously rising wages in Germany beyond the Eurozone average, in contrast to what happened before the crisis, would reduce the imbalances within the monetary union and the burdens for today’s crisis countries which could give them more leeway for economic and social reforms. And as far as institutional reforms are concerned, just to give an example, the introduction of a statutory minimum wage in Germany may facilitate the debate about how to construct an adequate backup at the EU level which is desperately needed in low wage member states, and it may equally provide some tailwind for more decent minimum wage levels in various member states.

So far, the boomerang effects across countries within the EU, and particularly within the Eurozone, have been negative for trade unions and labour standards. If German unions continue to gradually regain influence on labour market developments in Germany, it could be a first step towards positive knock-on effects across borders which help to shift the balance of power also at the European level.
Bibliography


NordMod2030 – publications and reference group

The project’s URL is http://www.fafo.no/nordmod2030/index.html

Published and forthcoming publications

It is initially planned 13 sub-reports before the main report is to be presented at the SAMAK Congress in November 2014. The various reports are as follows:

• Sub-report 1: The Nordic models’ pillars (published)
• Sub-report 2: Nordic population changes (published)
• Sub-paper 1: Nordic tax policy (published)
• Sub-paper 2: A sleeping giant? German trade unions in the European crisis
• Sub-report 3: Changes in external conditions (published)
• Sub-report 4: Country Study of Iceland
• Sub-report 5: Country Study of Norway (published)
• Sub-report 6: Country Study of Finland (published)
• Sub-report 7: Country Study of Denmark
• Sub-report 8: Country Study of Sweden (published)
• Sub-report 9: Decent work– the future of the collective agreement (published)
• Sub-report 10: The welfare model (multiple papers)
• Sub-report 11: Inclusion and integration challenges (published)
• Sub-report 12: To create and share – the remarkable success and contested future of the Nordic Social-Democratic Model
• Sub-report 13: Innovation and innovation policy in the Nordic region (published)
• Sub-report 14: Democracy and participation

Main report

The reference group

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FEPS: Signe Hansen
A sleeping giant?

The Nordic countries share many common traits. Their small, open economies, generous welfare states, and highly organized labour markets have given rise to the notion of a distinct Nordic model. NordMod2030 is a Nordic research project, assigned to identify and discuss the main challenges these countries will have to cope with towards 2030. The purpose is to contribute to the knowledge basis for further development and renewal of the Nordic models. The main report from the project will be delivered in November 2014. In the meanwhile the project will publish a number of country studies and thematic, comparative reports which will be subject to discussion at a series of open seminars.